



BEDFORD PUBLIC SCHOOLS

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TO: Phillip Conrad, Superintendent
School Committee

FROM: Julie Kirrane, Director of Finance

DATE: March 9, 2021

SUBJECT: FY21 Budget Update

This is a mid-year update on the status of the FY21 operating budget as of January 31, 2021. The financial forecast includes projections for all accounts for the remainder of the fiscal year through June 30, 2021. The forecast includes information on the above-budget spending necessary as part of the Town's Covid contingency planning which set aside reserve funds to support the school department's operations under pandemic conditions. Also, the forecast includes all grant relief funding that is available to the schools this year.

The operating budget has a deficit of -\$128,946, is shown in Table 1, and includes all special education tuition costs. After accounting for all funds, and including all school Covid contingency needs, the overall deficit is projected at -\$1,185,688 as show in Table 2.

A summary by major expense category of the operating budget is shown is Table 1 below:

TABLE 1

EXPENSE CATEGORY	FY21 SC Approved Budget	FY21 SC Adjusted Budget	YTD Encumb. + Exp.	Fcast to June 2021	FY21 Projected Final	Final Surplus (Deficit)
SALARIES	\$ 34,963,629	\$ 34,960,329	\$ 14,926,478	\$ 21,155,105	\$ 36,093,583	\$ 228,781
OPERATING EXPENSES	\$ 2,197,791	\$ 2,201,091	\$ 1,356,152	\$ 810,613	\$ 2,166,487	\$ 38,546
OUT OF DISTRICT TUITION	\$ 2,784,328	\$ 2,784,328	\$ 5,001,439	\$ (127,000)	\$ 4,874,439	\$ (439,837)
REGULAR TRANSPORTATION	\$ 1,181,210	\$ 1,181,210	\$ 1,145,123	\$ 30,000	\$ 1,175,123	\$ 6,088
SPECIAL ED TRANSPORTATION	\$ 904,501	\$ 904,501	\$ 831,991	\$ 35,000	\$ 866,991	\$ 37,510
GRAND TOTAL OPERATING BUDGET	\$ 42,031,459	\$ 42,031,459	\$ 23,261,182	\$ 21,903,718	\$ 45,176,622	\$ (128,946)

Highlights of changes within each expenditure category are as follows:

- Salaries – Salaries are projected to the end of the year with a net positive balance of \$228,781. The savings are the result of several factors including attrition in para-professionals, lower than anticipated short-term and long-term substitutes, and staff turnover. The current hiring environment is challenging and openings are filled more slowly than is typical. Also, a significant number of “Covid coverage” 4-day building substitute and TA positions were hired (charged to segregated contingency accounts as shown in Table 2) and this seems to have taken some pressure off of the need for regular substitutes. These savings were partially offset by higher than budgeted expenses in facilities overtime and contractual retirement incentives.
- Operating Expenses – All expense accounts through the end of the year are projected to end with a net positive balance of \$38,546. This is the result of savings in supplies, materials, equipment and contracted services in multiple departments. Some savings to note include athletic transportation, special education contracted services and equipment. These savings are generally due to programmatic changes related to Covid. The projection is conservative and the final year-end deadlines for expenditures are upcoming shortly March and early April, after which time better estimates will be available.
- Out-of-District Tuition – Following FY20, when gross tuition increased significantly above plan, actual and projected spending is trending very close to budget in FY21. A deficit of -\$439,837 is currently forecast versus the budgeted amount of -\$450,000 (to be covered by a Town reserve for tuition).
- Regular Transportation – All costs for regular school bus routes as well as late buses are encumbered. A budget surplus of \$6,088 is forecast. To-date, changes to bus services due to Covid mostly have been cost neutral and the capacity of buses to serve registered riders has been sufficient.
- Special Education Transportation – All costs for transporting students to specialized programs within Bedford Public Schools and to out-of-district placements have been projected and are forecast with a positive balance of \$37,510. The majority of transportation eligible students have been attending school in-person and have been requiring transportation services. Some students have elected for remote education, or have opted out of school provided transportation.
- Food Service Meal Sales – The food service program has been adversely impacted by Covid restrictions since March 2020. This is despite having fully retooled the program to provide in-person, remote and take home meals that are reimbursed at the highest level by the USDA school nutrition program, and provided at no cost to families. A surplus balance carried the program throughout the closure last spring and several months into the fall. However, the account is currently projected with a year-end deficit of -\$140,000 which is accounted for in the bottom line projection. Expenses from this account will need to be transferred to the operating budget at the close of the fiscal year. There is some early information available that there may be provisions in recent and upcoming federal relief acts to help schools address this issue. At this point, we do not have information about the extent or amount of relief to expect.

- Building Rental - The building rental account has a low balance. Planned budgetary offsets have been removed from the current year forecast in order to have those funds available in FY22 operating budget as planned.

A full accounting of expenditures and revenues from all funds is summarized below. All told, and as was anticipated, operating schools with full Covid mitigations in place and making the educational technological and curricular changes, as well as hiring the additional staff to cover all hybrid and remote instruction, is requiring significant extra resources.

As is shown in the projection below, \$1,185,688 in additional local funding and at least \$1.5 million in federal relief dollars are supporting the schools this year. This is a total of approximately \$2.7M above the approved FY21 Bedford Public Schools operating budget.

TABLE 2

EXPENSE CATEGORY	FY21 SC Approved Budget	FY21 SC Adjusted Budget	YTD Encumb. + Exp.	Fcast to June 2021	FY21 Projected Final	Final Surplus (Deficit)
GRAND TOTAL OPERATING BUDGET	\$ 42,031,459	\$ 42,031,459	\$ 23,261,182	\$ 21,903,718	\$ 45,176,622	\$ (128,946)
COVID CONTINGENCY - SALARIES	\$ -	\$ -	\$ 274,383	\$ 502,129	\$ 776,512	\$ (776,513)
COVID CONTINGENCY - EXPENSES	\$ -	\$ -	\$ 175,279	\$ 194,900	\$ 370,179	\$ (370,179)
GRAND TOTAL COVID CONTINGENCY	\$ -	\$ -	\$ 449,662	\$ 697,029	\$ 1,146,691	\$ (1,146,692)
GRANT SUPPORT - COVID RELIEF						
MUNICIPAL CARES ACT	\$ 640,693					
SALARIES		\$ 39,654	\$ 39,654	\$ -	\$ 39,654	\$ -
EQUIPMENT		\$ 244,120	\$ 244,120	\$ -	\$ 244,120	\$ -
CONTRACTED SERVICES		\$ 79,707	\$ 79,707	\$ -	\$ 79,707	\$ -
SUPPLIES & MATERIALS		\$ 277,212	\$ 277,212	\$ -	\$ 277,212	\$ -
COVID REOPENING GRANT (School CARES)	\$ 608,850					
SALARIES		\$ 258,964	\$ 258,964	\$ -	\$ 258,964	\$ -
EQUIPMENT		\$ 36,575	\$ 36,575	\$ -	\$ 36,575	\$ -
CONTRACTED SERVICES		\$ 42,369	\$ 42,369	\$ -	\$ 42,369	\$ -
SUPPLIES & MATERIALS		\$ 270,943	\$ 270,943	\$ -	\$ 270,943	\$ -
COVID TECH ESSENTIALS GRANT (Student Devices)	\$ 122,027	\$ 122,027	\$ 122,027	\$ -	\$ 122,027	\$ -
COVID ESSER I (Instruction)	\$ 42,831					
SALARIES		\$ 19,229	\$ -	\$ 19,229	\$ 19,229	\$ -
OPERATING EXPENSES		\$ 23,602	\$ 23,602	\$ -	\$ 23,602	\$ -
COVID PREVENTION GRANT (Mitigation, Staffing)	\$ 89,950				\$ -	\$ 89,950
GRAND TOTAL GRANT SUPPORT	\$ 1,504,351	\$ 1,414,401	\$ 1,395,173	\$ 19,229	\$ 1,414,402	\$ 89,950
GRAND TOTAL - ALL SOURCES OF SUPPORT	\$ 43,535,810	\$ 43,445,861	\$ 25,106,017	\$ 22,619,976	\$ 47,737,715	\$ (1,185,688)

Detail is provided above on the extensive pandemic related grant support. The largest of these school grants, the technology essentials and school reopening grants, were fully expended by November 2020. School expenses on the municipal Cares Act are reported as of the end of 2020, and include expenditures by the school department. Additional municipal Cares Act funds were spent on behalf of the schools by the Facilities Department for PPE, HVAC equipment and services, and sanitation supplies.

The school department has collaborated closely with the Town in order to support the extra costs related to reopening school and returning increasing numbers of students to in-person instruction throughout the course of the year. Regular communication about financial needs and sources of support will continue to be ongoing as we approach the end of the fiscal year and request a reserve fund transfer to cover the above budget costs.

I am happy to answer any questions the School Committee may have about this mid-year fiscal update.